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SENSITIVE

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TAGS: PREL PGOV PINR IS GOI INTERNAL

SUBJECT: OLMERT'S NARROW COALITION GOVERNMENT: ROOM TO GROW?

REF: TEL AVIV 1617

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¶1. (U) Summary: Israel's 31st government, comprising 25 ministers from the Kadima, Labor, Shas and the Pensioners parties, is scheduled to be sworn into office on May 4, after Acting Prime Minister Olmert presents his Cabinet to the Knesset. At that time, Olmert will announce the basic lines of his government's policy and the composition and distribution of functions among the ministers, and ask for an expression of confidence from the full Knesset. It remains entirely possible that Olmert will add additional coalition partners -- such as UTJ (the other ultra-orthodox party), rightist Yisrael Beiteinu, or left-wing Meretz. His proposed Cabinet list (see para 4 below) includes some nominees of relatively lower stature who could be asked, in the greater interest of forming a stronger government, to step aside, allowing Olmert flexibility to incorporate one or more additional parties in the government at the last minute or down the road. End Summary.

What does it mean? Not necessarily finished business ...

¶2. (SBU) Described by one pundit as the "broadest narrow government ever established," Olmert's proposed government is decidedly centrist -- and civilian -- in composition. Labor Party Chairman Amir Peretz will lead the Defense Ministry, resulting in a political demotion for Shaul Mofaz, the current office-holder and the lone retired general officer in Olmert's cabinet, to the Transportation Ministry. Olmert's government includes the largest ultra-orthodox religious party, Shas, at the cost of substantial, promised budgetary handouts for its constituents, but no ministerial portfolios that would allow Shas to meddle with West Bank policy matters. Pursuant to its coalition agreement, Shas's commitment to convergence policy is ambiguous, but its participation in Olmert's government is already viewed by the right-wing National Religious Party as betrayal of the settler cause of Greater Israel.

¶3. (SBU) While Olmert still hopes to bring rightist Yisrael Beiteinu on board as an additional inoculation against right-wing threats, he does not have much to offer its party leader, Avigdor Lieberman, who had sought the Internal Security Ministry, but was barred from this appointment due to an ongoing police investigation. Olmert may yet entice Lieberman with another portfolio, and that possibility may explain Olmert's reluctance to recruit the left-wing Meretz party, whose leader says he will not join a coalition that includes Yisrael Beiteinu. More likely than either of these coalition expansion options is a deal with United Torah Judaism (UTJ), whose leaders Olmert knows well from his time as mayor of Jerusalem. Moreover, UTJ's price -- deputy ministers and additional social benefits, but no Cabinet slots -- may be worth it to Olmert, who could nonetheless offer UTJ Chairman Litzman the Social Welfare position that Olmert has retained thus far. Independence Day (May 3) barbecues and gatherings will provide Olmert and his transition team with some additional time to do political footwork in advance of the May 4 Knesset session.

¶4. (SBU) Olmert's government is not the largest in Israeli history -- Sharon's first government comprised 28 ministers -- but it could expand if additional parties join his coalition. Olmert could also reshuffle portfolios, including by asking some nominees of relatively lower stature to step aside, reportion the number of ministries per party, or re-negotiate with Labor the no-deputy-ministers decision. Several non-ministerial appointments and responsibilities were also announced to satisfy various political appetites, some of which could be hived off to accommodate the needs of newcomers. Kadima's most right-wing MK, Tzachi Hanegbi, secured the chairmanship of the Knesset Committee on Foreign Affairs and Security, a prestigious assignment that spared Olmert from a confrontation with the Attorney General over a ministerial appointment for someone under investigation. Former Labor MK and current Kadima MK Dalia Itzik secured the Knesset speaker slot, a female first in a Knesset with even

fewer women than the 16th Knesset. Nearly all of the ministry assignments are ministerial retreads in one capacity or another, the only new blood coming from Avi Dichter in Kadima, Yuli Tamir in Labor, Ariel Atias of Shas, and Yacov Ben Yizri of the Pensioners. No Israeli-Arab MKs were offered ministerial posts.

KADIMA MINISTERS (12)

Ehud Olmert, Prime Minister and Acting Minister of Social Welfare (the latter job could be offered to UTJ).
Tzipi Livni, Alternate Prime Minister (i.e., next-in-line to Olmert) and Minister of Foreign Affairs.
Shimon Peres, Vice Premier and Minister for Development of the Negev, Galilee and regional economy.

Shaul Mofaz, Deputy Prime Minister, Minister of Transportation, responsible for strategic dialogue.

Avraham Hirchson, Minister of Finance (former Chairman of the Knesset Finance Committee).

Ronnie Bar-On, Minister of Interior.

Haim Ramon, Minister of Justice.

Meir Sheetrit, Minister of Construction and Housing, responsible for Israel Lands Administration and for oversight of the secret services.

Avi Dichter, Minister of Internal Security.

Gideon Ezra, Minister of Environment (job could be offered to Meretz in a pinch).

Ze'ev Boim, Minister of Immigrant Absorption (job could be offered to Lieberman in a pinch).

Jacob Edry, Minister without portfolio, responsible for government-Knesset liaison.

LABOR MINISTERS (7)

Amir Peretz, Deputy Prime Minister and Minister of Defense.

Yuli Tamir, Minister of Education.

Binyamin (Fouad) Ben-Eliezer, Minister of National Infrastructure.

Yitzhak Herzog, Minister of Tourism.

Shalom Simchon, Minister of Agriculture (formerly served as Minister of Agriculture).

Ophir Pines-Paz, Minister of Science, Culture, Sport and Jerusalem Affairs (Science job could be split off).

Eitan Cabal, Minister without portfolio, responsible for the Israel Broadcast Authority.

SHAS MINISTERS (4)

Eli Yishai, Deputy Prime Minister and Minister of Industry, Trade and Labor.

Ariel Atias, Minister of Communications.

Meshulam Nehari, Minister without portfolio responsible for religious councils.

Yitzhak Cohen, Minister without portfolio in the Ministry of Finance (a former deputy Finance Minister).

PENSIONERS MINISTERS (2)

Rafi Eitan, Minister without portfolio responsible for pensioner affairs.

Yacov Ben Yizri, Minister of Health.

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